

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6628

BILL NUMBER: SB 237

NOTE PREPARED: Dec 21, 2007

BILL AMENDED:

SUBJECT: Automobile Franchise Practices.

FIRST AUTHOR: Sen. Weatherwax

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires an automobile manufacturer or distributor, as part of a franchise relationship, to make the following payments to an automobile dealer: (1) Not more than 90 days after the termination, cancellation, or nonrenewal of the franchise agreement, the value of certain items that are in the dealer's inventory or possession and whose titles are transferred to the manufacturer or distributor. (2) Upon the termination, cancellation, or nonrenewal of the franchise agreement, the rental value of the dealership facilities. The bill also provides that a failure to make the payments is a deceptive franchise practice.

Effective Date: July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues: *Court Fee Revenue:* Providing specific statutory remedies for termination of a franchise agreement may impact the number of civil actions filed to attempt to recover damages that may have occurred due to the termination of the franchise agreement. It is unknown whether civil actions will increase or decrease. Actions would increase if this statutory provision encourages more dealers to go to court to get this statutory remedy enforced. Actions could decrease if manufacturers and distributors choose to simply pay the statutory remedy rather than require a dealer to go to court for damages. The impact on civil actions is indeterminable.

Any impact on the number of civil actions filed will impact revenue deposited in the state General Fund. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries

fee (\$17), public defense administration fee (\$3), court administration fee (\$3), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If the number of civil actions filed is impacted, local governments would be impacted due to receiving revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Adam Brown, 317-232-9854.